

NEW ORLEANS CHARTER SCHOOLS FOUNDATION**FINANCIAL STATEMENTS****For the Year Ended June 30, 2010**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/15/10

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7
SUPPLEMENTAL INFORMATION	
Consolidating Statement of Financial Position	14
Consolidating Statement of Activities	15
SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE STATISTICAL DATA)	
Independent Accountant's Report on Applying Agreed-Upon Procedures	16
Schedule K1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2010	19
Schedule K-2: Education Levels of Public School Staff	20
Schedule K-3: Number and Type of Public Schools	21
Schedule K-4: Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers	22
Schedule K-5: Public School Staff Data	23
Schedule K-6: Class Size Characteristics	24
Schedule K-7: Louisiana Educational Assessment Program (LEAP) for the 21 st Century	25

TABLE OF CONTENTS (CONTINUED)

	Page
Schedule K-9: Integrated Louisiana Educational Assessment Program (iLEAP).....	26
OMB CIRCULAR A-133 COMPLIANCE AND GOVERNMENT AUDITING STANDARDS REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	29
Schedule of Expenditures of Federal Awards	31
Notes to the Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33
Summary Schedule of Prior Audit Findings and Questioned Costs	35

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3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Orleans Charter Schools Foundation
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy as of June 30, 2010, and the related Statements of Activities, Cash Flows and Functional Expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Charter Schools Foundation as of June 30, 2010, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated September 20, 2010 on our consideration of New Orleans Charter Schools Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying consolidating statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of New Orleans Charter Schools Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rebowe & Company

September 20, 2010

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

Current Assets:

Cash and cash equivalents	\$ 596,209
Accounts receivable	<u>282,130</u>
Total Current Assets	<u>878,339</u>

Non-Current Assets:

Property and equipment, net of accumulated depreciation	<u>223,954</u>
Total Assets	<u><u>\$ 1,102,293</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 70,206
Accrued expenses	<u>93,235</u>
Total Current Liabilities	<u>163,441</u>

Total Liabilities	<u>163,441</u>
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Net Assets:

Unrestricted	<u>938,852</u>
Total Net Assets	<u>938,852</u>

Total Liabilities and Net Assets	<u><u>\$ 1,102,293</u></u>
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See accompanying notes to financial statements.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

UNRESTRICTED NET ASSETS

Public Support and Other Revenues

Local sources	1,486,215
Federal sources	1,423,207
State sources	1,172,159
Donations and contributions	112,824
Miscellaneous income	<u>209,723</u>

Total Support, Revenues and Reclassifications	<u>4,404,128</u>
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Expenses

Program services:	
Instructional	2,401,735
Supporting services:	
Management and general	1,771,218
Non-Instructional services:	
Other services	<u>11,752</u>

Total Expenses	<u>4,184,705</u>
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Increase in Unrestricted Net Assets	<u>219,423</u>
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Net assets at beginning of fiscal year	<u>719,429</u>
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Net assets at end of fiscal year	<u><u>\$ 938,852</u></u>
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See accompanying notes to financial statements.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

Cash Flows from Operating Activities:

Increase in net assets	\$ 219,423
Depreciation expense	93,682
Loss on disposition of assets	13,150
Decrease in operating assets:	
Accounts receivable	137,582
Prepaid expenses	31,800
Increase (decrease) in operating liabilities:	
Accounts payable	17,661
Accrued expenses	87,199
Contracts payable	<u>(209,065)</u>
Net cash provided by operating activities	<u>391,432</u>
Net increase in cash and cash equivalents	391,432
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>204,777</u>
Cash and Cash Equivalents, End of Fiscal Year	<u><u>\$ 596,209</u></u>

See accompanying notes to financial statements.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>	<u>NON- INSTRUCTIONAL SERVICES</u>	
	<u>Instructional</u>	<u>Management And General</u>	<u>Other Services</u>	<u>Total</u>
Expenses:				
Regular education programs	\$ 2,242,641	\$ -	\$ -	\$ 2,242,641
School administration	-	449,632	-	449,632
Operation and maintenance of plant services	-	396,569	-	396,569
Special education programs	158,919	-	-	158,919
Food services	-	-	11,352	11,352
Business services	-	204,464	-	204,464
Student transportation	-	312,618	-	312,618
Central services	-	70,756	-	70,756
Instructional staff services	-	101,160	-	101,160
General administration	-	134,164	-	134,164
Pupil support services	-	21,555	-	21,555
Office expenses	-	80,300	-	80,300
Other instructional programs	175	-	-	175
Community service operations	-	-	400	400
	<u>\$ 2,401,735</u>	<u>\$ 1,771,218</u>	<u>\$ 11,752</u>	<u>\$ 4,184,705</u>

See accompanying notes to financial statements.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Orleans Charter Schools Foundation (the "Foundation") was incorporated in March 2006 for the purpose of operating charter schools in New Orleans. The Louisiana State Board of Elementary and Secondary Education (BESE) granted the Foundation two (2) Type 5 charters to operate McDonogh City Park Academy and New Orleans Free Academy, pursuant to Louisiana Revised Statute 17:3971 et seq. The charters were valid until June 30, 2009. BESE is responsible for evaluating the performance of the academies and has the authority to deny renewal of the contracts at their expiration or terminate the contracts prior to their expiration. On June 18, 2009, the charter for McDonogh City Park Academy (the "Academy") was extended two years through June 30, 2011, contingent on satisfying academic performance requirements, while New Orleans Free Academy's charter was voluntarily surrendered to BESE on June 30, 2009.

The Foundation operates under the direction of a nine-member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by 30 certified full-time teaching personnel who provide services to 372 students.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management.

Income Tax Status

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

Public Support and Revenue

The Foundation receives its support primarily from the Louisiana State Department of Education and the United States Department of Education.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. The Foundation uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Deferred Revenue

Grant funds are considered to be earned when qualifying expenditures are made and all other grant requirements have been met and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All teachers and staff are provided annual vacation sick leave. Unused balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year.

Basis of Presentation

The Foundation follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basis financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Foundation.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment are recorded at fair market values as of the date received. The Foundation maintains a capitalization threshold of \$5,000 for furniture and equipment, land, and leasehold improvements, or any one item costing under \$5,000 alone but purchased in a group for over \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	life of lease or 5 years, whichever is greater
Furniture, fixtures, and equipment	3-7 years

Due to Student Groups

Amounts classified as due to student groups are funds raised by student groups for use in group activities. These amounts are not recorded in the Statement of Activities. The funds are segregated and held in trust for the students.

NEW ORLEANS CHARTER SCHOOL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at a local financial institution. At June 30, 2010, no cash deposits were in excess of Federal Deposit Insurance Corporation limits.

NOTE 3 – CONTRACTS RECEIVABLE

At June 30, 2010, there was a contract receivable of \$47,097 from The Leona Group, LLC (TLG) for the reimbursement of the cost of services to McDonogh City Park Academy, pursuant to a Management Agreement discussed more fully in Note 9 below. Due to the uncertainty of receipt of the amounts due, the Foundation has created an allowance for uncollectible receivables for the full amount of \$47,097.

NOTE 4 - PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows:

Leasehold improvements	\$ 23,118
Furniture, fixtures, and equipment	340,462
Less accumulated depreciation	<u>(139,626)</u>
Net carrying amount	<u>\$ 223,954</u>

Depreciation expense was \$93,682 for the year ended June 30, 2010.

On June 30, 2009, New Orleans Free Academy's property and equipment were surrendered to the State of Louisiana upon the conclusion of the initial three-year contract between New Orleans Charter Schools Foundation and the Louisiana Board of Elementary and Secondary Education.

NOTE 5 – RETIREMENT PLANS

Substantially all employees of the academies participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age 60; otherwise, benefits vest after 20 years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

**NEW ORLEANS CHARTER SCHOOL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 5 – RETIREMENT PLANS (CONTINUED)

Participants are required to contribute to the plan 8% of their annual covered payroll and the Foundation is required to contribute 15.5% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the year ended June 30, 2010, the Foundation's contributions to this plan totaled \$257,644.

NOTE 6 – COMPENSATED ABSENCES

School-Based Employees:

All school-based employees are granted five (5) paid time off (PTO) days at the beginning of each year. These days are to be used in case of illness or any other reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. Unused days will roll forward at the end of the year (June 30th) but not be redeemed for additional compensation at the end of the year. Unused days are reported to TRSL upon termination of employment.

Funding Policy:

School Support Center staff work throughout the year and observe school holidays. All full time Foundation SSC employees earn a minimum total of twenty (20) days PTO (a combination of vacation time and sick time) per year.

NOTE 7 - CONTINGENCIES

State Funding - The continuation of the Academy is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

NEW ORLEANS CHARTER SCHOOL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 8 – LEASE AGREEMENT

During the fiscal year ended June 30, 2010, the Foundation leased buildings from the Recovery School District (RSD) absent lease agreements. The Foundation has entered into a rent-free lease with the RSD for the period from July 1, 2007 through June 30, 2009 for the use of the Academy's main buildings, gymnasiums, and grounds as school facilities. The rent-free lease for McDonogh City Park Academy automatically extended upon the two-year extension of the Academy's charter, discussed in Note 1. The extension will terminate on June 30, 2011. The lease agreement for New Orleans Free Academy was terminated effective June 30, 2009. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreements indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$80,300 at June 30, 2010, which is included in office expenses.

The Foundation is responsible for the payment of utilities, janitorial, disposal services, and property taxes.

The RSD may move the Academy, at the end of a school year, to other facilities as deemed necessary, taking into consideration such factors as building capacity, design alignment with grade levels served by the academies, projected enrollment, program specific needs, and community needs.

The Foundation may terminate this agreement upon 30 days' notice to locate its school in a non-RSD facility.

The RSD may terminate this agreement with cause prior to the end of the specified term in the event the Foundation fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

NOTE 9 – MANAGEMENT AGREEMENT

The Foundation entered into a three-year contract, with renewal options, for each academy, effective July 1, 2006 through June 30, 2009, with The Leona Group, LLC (TLG) for educational management services for all of the management, operation, administration, and education at the academies. The Foundation did not renew the management contract with TLG upon the conclusion of the initial three-year term on June 30, 2009. The Foundation began self-management on July 1, 2009. The Foundation is contesting certain management fees charged by TLG due to TLG's alleged nonperformance of certain services. The Foundation and TLG have not resolved, nor pursued, a resolution to these matters. As of the date of this report, the Foundation was not able to make a meaningful estimate of the amount or range of liability that could result from an unfavorable resolution of this matter. Consequently, the Foundation has not shown any accruals for possible costs in the financial statements.

NEW ORLEANS CHARTER SCHOOL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 10 – RELATED PARTIES

The Foundation contracted with a law firm that is affiliated with a board member who resigned his position in July 2010 and is no longer serving the board. Legal fees paid to the law firm for the fiscal year ended June 30, 2010 were \$22,696.

SUPPLEMENTAL INFORMATION

NEW ORLEANS CHARTER SCHOOL FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2010

	<u>New Orleans Free Academy</u>	<u>McDonogh City Park Academy</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 58,092	\$ 538,117	\$ 596,209
Accounts receivable	-	282,130	282,130
Total Current Assets	<u>58,092</u>	<u>820,247</u>	<u>878,339</u>
Non-Current Assets:			
Property and equipment (net of depreciation)	-	223,954	223,954
Total Assets	<u>\$ 58,092</u>	<u>\$ 1,044,201</u>	<u>\$ 1,102,293</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 4,966	\$ 65,240	\$ 70,206
Accrued expenses	-	93,235	93,235
Total Current Liabilities	<u>4,966</u>	<u>158,475</u>	<u>163,441</u>
Total Liabilities	<u>4,966</u>	<u>158,475</u>	<u>163,441</u>
Net Assets:			
Unrestricted	<u>53,126</u>	<u>885,726</u>	<u>938,852</u>
Total Net Assets	<u>53,126</u>	<u>885,726</u>	<u>938,852</u>
Total Liabilities and Net Assets	<u>\$ 58,092</u>	<u>\$ 1,044,201</u>	<u>\$ 1,102,293</u>

NEW ORLEANS CHARTER SCHOOL FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	New Orleans Free Academy	McDonogh City Park Academy	Total
UNRESTRICTED NET ASSETS			
Public Support and Other Revenues			
Local sources	\$ -	\$ 1,486,215	\$ 1,486,215
Federal sources	-	1,423,207	1,423,207
State sources	-	1,172,159	1,172,159
Donations and contributions	-	112,824	112,824
Miscellaneous	186,733	22,990	209,723
	<u>186,733</u>	<u>4,217,395</u>	<u>4,404,128</u>
Total Support, Revenues and Reclassifications	<u>186,733</u>	<u>4,217,395</u>	<u>4,404,128</u>
Expenses			
Program services:			
Instructional	-	2,401,735	2,401,735
Supporting services:			
Management and general	21,583	1,749,635	1,771,218
Non-Instructional services:			
Other services	360	11,392	11,752
	<u>21,943</u>	<u>4,162,762</u>	<u>4,184,705</u>
Total Expenses	<u>21,943</u>	<u>4,162,762</u>	<u>4,184,705</u>
Increase in Unrestricted Net Assets	<u>164,790</u>	<u>54,633</u>	<u>219,423</u>
Net assets at beginning of fiscal year	<u>(111,664)</u>	<u>831,093</u>	<u>719,429</u>
Net assets at end of fiscal year	<u>\$ 53,126</u>	<u>\$ 885,726</u>	<u>\$ 938,852</u>

PERFORMANCE STATISTICAL DATA

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
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A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
New Orleans Charter Schools Foundation
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Foundation and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The Foundation is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Education Levels of Public School Staff (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2009.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2009 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2009 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Public Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 24 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2009 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School System.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School System.

No exceptions were found as a result of applying the above procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the New Orleans Charter Schools Foundation, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

September 20, 2010

NEW ORLEANS CHARTER SCHOOLS FOUNDATION Schedule K-1

NEW ORLEANS, LOUISIANA

General Fund Instructional and Support Expenditures

Certain Local Revenue Sources

For the Year Ended June 30, 2010

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 1,012,390	
Other instructional staff activities	-	
Employee benefits	277,083	
Purchased professional and technical services	890	
Instructional materials and supplies	38,653	
Less instructional equipment	(13,149)	
Total teacher and student interaction activities		\$ 1,315,867

Other instructional activities		4,117
--------------------------------	--	-------

Pupil support activities	\$ 16,385	
Less equipment for pupil support activities	-	
Net pupil support activities		16,385

Instructional Staff Services	\$ 104	
Less equipment for instructional staff services	-	
Net instructional staff services		104

School Administration	\$ 412,748	
Less: Equipment for School Administration	-	
Net school administration		412,748

Total general fund instructional expenditures		\$ 1,332,356
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Total general fund equipment expenditures		\$ 13,149
---	--	-----------

Certain Local Revenue Sources:

This section is not applicable to New Orleans Charter Schools Foundation.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA

Schedule K-2

Education Level of Principals, Assistant Principals, and Full-Time Classroom Teachers
As of June 30, 2010

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	16	67%	-	-	-	-	-	-
Master's Degree	7	29%	-	-	1	50%	-	-
Master's Degree +30	1	4%	-	-	1	50%	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	24	100%	-	0%	2	100%	-	0%

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA**

Schedule K-3

**Number and Type of Public Schools
For the Year Ended June 30, 2010**

Type	2009
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA

Schedule K-4

Experience of Principals, Assistant Principals, and Full-Time Classroom Teachers
As of June 30, 2010

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	1	-	-	-	-	1
Classroom Teachers	7	3	12	1	1	1	3	28
Principals	-	-	-	1	-	-	-	1
Total	7	3	13	2	1	1	3	30

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA**

Schedule K-5

**Public School Staff Data
2009-2010 School Year**

2009-2010	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 48,589	\$ 48,589
Average Classroom Teacher's Salary Excluding Extra Compensation	\$ 48,589	\$ 48,589
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	24	24

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA**

Schedule K-6

**Class Size Characteristics
As of October 1, 2009**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	22%	4	56%	10	22%	4	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2010

District Achievement		English				Mathematics				Science				Social Studies			
		2010		2009		2008		2010		2009		2008		2010		2009	
Level Results	Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4																	
Advanced		3	7%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Mastery		10	23%	13	32%	-	0%	9	21%	13	32%	-	0%	1	2%	7	17%
Basic		13	31%	17	41%	11	28%	23	54%	14	34%	3	8%	22	51%	16	39%
Approaching Basic		7	16%	7	17%	16	41%	4	9%	5	12%	14	36%	13	30%	10	24%
Unsatisfactory		10	23%	4	10%	12	31%	7	16%	8	20%	22	56%	9	21%	8	20%
Total		43	100%	41	100%	39	100%	43	100%	41	100%	39	100%	43	100%	41	100%
Grade 8																	
Advanced		1	3%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Mastery		2	5%	-	0%	-	0%	1	3%	1	2%	-	0%	3	8%	-	0%
Basic		16	42%	17	36%	16	41%	17	45%	24	51%	9	23%	10	26%	22	50%
Approaching Basic		16	42%	22	47%	16	41%	10	26%	10	21%	14	36%	18	48%	15	32%
Unsatisfactory		3	8%	8	17%	7	18%	10	26%	12	26%	16	41%	7	18%	10	21%
Total		38	100%	47	100%	39	100%	38	100%	47	100%	39	100%	38	100%	47	100%

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NEW ORLEANS, LOUISIANA

Schedule K-9

Integrated Louisiana Educational Assessment Program (ILEAP)
For the Years Ended June 30, 2008, 2009, 2010

District Achievement Level Results	English						Mathematics						Science						Social Studies					
	2010		2009		2008		2010		2009		2008		2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3																								
Advanced	1	2%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Mastery	9	20%	2	4%	3	7%	4	9%	2	4%	2	5%	3	7%	3	5%	-	0%	2	4%	4	7%	1	2%
Basic	18	39%	22	39%	13	30%	20	43%	18	32%	8	19%	13	28%	17	30%	10	23%	20	44%	25	45%	17	40%
Approaching Basic	11	24%	17	30%	16	37%	11	24%	13	23%	10	23%	24	52%	25	45%	17	40%	18	39%	21	37%	15	35%
Unsatisfactory	7	15%	15	27%	11	26%	11	24%	23	41%	23	53%	6	13%	11	20%	16	37%	6	13%	6	11%	10	23%
Total	46	100%	56	100%	43	100%	46	100%	56	100%	43	100%	46	100%	56	100%	43	100%	46	100%	56	100%	43	100%

District Achievement Level Results	English						Mathematics						Science						Social Studies					
	2010		2009		2008		2010		2009		2008		2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5																								
Advanced	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Mastery	5	10%	-	0%	-	0%	2	4%	-	0%	-	0%	2	4%	-	0%	-	0%	2	4%	-	0%	-	0%
Basic	19	39%	6	19%	9	47%	22	45%	8	23%	5	26%	23	48%	4	13%	4	21%	22	45%	5	16%	5	26%
Approaching Basic	20	41%	11	34%	3	16%	13	27%	4	13%	6	32%	12	24%	10	31%	9	47%	11	23%	16	50%	9	48%
Unsatisfactory	5	10%	15	47%	7	37%	12	24%	20	62%	8	42%	12	24%	18	56%	6	32%	8	16%	11	34%	5	26%
Total	49	100%	32	100%	19	100%	49	100%	33	100%	19	100%	49	100%	33	100%	19	100%	49	100%	32	100%	19	100%

District Achievement Level Results	English						Mathematics						Science						Social Studies					
	2010		2009		2008		2010		2009		2008		2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6																								
Advanced	-	0%	-	0%	1	3%	1	3%	-	0%	-	0%	-	0%	-	0%	-	0%	1	3%	-	0%	1	3%
Mastery	2	5%	-	0%	1	3%	-	0%	3	13%	-	0%	3	8%	1	4%	-	0%	3	8%	-	0%	-	0%
Basic	17	43%	10	42%	8	20%	15	39%	6	25%	7	18%	14	37%	12	50%	10	24%	18	47%	11	46%	10	25%
Approaching Basic	13	34%	10	42%	15	37%	9	24%	7	29%	11	27%	13	34%	5	21%	15	38%	14	37%	7	29%	11	27%
Unsatisfactory	6	16%	4	16%	15	37%	13	34%	8	33%	22	55%	8	21%	6	25%	15	38%	2	5%	6	25%	18	45%
Total	38	100%	24	100%	40	100%	38	100%	24	100%	40	100%	38	100%	24	100%	40	100%	38	100%	24	100%	40	100%

District Achievement Level Results	English						Mathematics						Science						Social Studies					
	2010		2009		2008		2010		2009		2008		2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7																								
Advanced	-	0%	1	3%	1	2%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	1	3%	-	0%	-	0%
Mastery	1	3%	2	5%	-	0%	2	6%	1	3%	1	2%	-	0%	2	5%	1	2%	2	6%	1	3%	1	2%
Basic	16	44%	12	30%	7	17%	20	55%	15	37%	7	17%	17	47%	14	35%	7	17%	16	44%	21	53%	12	29%
Approaching Basic	15	42%	16	40%	22	52%	8	22%	13	32%	11	26%	12	34%	16	40%	24	57%	8	22%	15	37%	12	29%
Unsatisfactory	4	11%	9	22%	12	29%	6	17%	11	28%	23	55%	7	19%	8	20%	10	24%	9	25%	3	7%	17	40%
Total	36	100%	40	100%	43	100%	36	100%	40	100%	43	100%	36	100%	40	100%	43	100%	36	100%	40	100%	43	100%

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARDS REPORTS**

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
New Orleans Charter Schools Foundation
New Orleans, Louisiana

We have audited the Statement of Financial Position and the related Statements of Activities, Cash Flows and Functional Expenses of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation"), as of and for the year ended June 30, 2010, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

September 20, 2010

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3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
New Orleans Charter Schools Foundation
New Orleans, Louisiana

Compliance

We have audited the compliance of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Foundation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Reboue & Company

September 20, 2010

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

<u>Federal Grantor/ Program Title/ Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>		
<i>Passed-through Louisiana Department of Education:</i>		
Title I Grants to Local Educational Agencies (LEAs)*	84.010	\$ 726,573
Title I Recovery Act	84.389	5,555
Title II Improving Teacher Quality State Grants	84.367	81,920
Title IV Safe and Drug-Free Schools and Communities - State Grants	84.186	4,639
Special Education - Grants to States (IDEA, Part A)	84.027	82,055
Special Education - Grants to States (IDEA, Recovery Act)	84.391	83,786
Katrina Foreign Contributions	84.940	148,902
Federal Stabilization	83.394	36,702
School Improvement 1003 (a)	84.010	75,398
School Improvement 1003 (g)	84.377	96,695
Education for Homeless Children and Youth	84.387	2,667
Charter Schools	84.282	<u>78,302</u>
 TOTAL U.S. DEPARTMENT OF EDUCATION		 <u>\$ 1,423,194</u>

*Identified as a major program.

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
NOTE TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Year Ended June 30, 2010

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation").
2. No instances of noncompliance material to the financial statements of the Foundation were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
4. The *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
5. There was one finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133. The finding is identified as Finding 10-01.
6. A management letter was not issued for the year ended June 30, 2010.
7. The program tested as a major program for the year ended June 30, 2010 was:

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Educational Agencies	84.010

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The programs tested under the American Recovery and Reinvestment Act for the year ended June 30, 2010 were :

<u>Program Title</u>	<u>CFDA No.</u>
IDEA	84.391
Homeless ARRA	84.387

10. The Foundation did not qualify as a low-risk auditee.

NEW ORLEANS CHARTER SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2010

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Finding 10-1 Level of Effort / Matching of Effort

Condition: New Orleans Charter Schools Foundation is not in compliance with Title I Level of Effort / Matching of Effort requirement.

Criteria: An LEA may receive funds under an applicable program only if the SEA finds that the (1) combined fiscal effort per student or (2) the aggregate expenditures of the LEA from State and local funds for free public education for the preceding year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by the Department of Education.

Effect: Non-federal expenditures for the year ended June 30, 2009 were less than 90 percent of the same for the year ended June 30, 2008.

Cause: A large carryover of Federal funds from 2008 to 2009 resulted in higher non-Federal expenditures in the fiscal year ended June 30, 2008 and lower non-Federal expenditures in 2009.

Recommendation: Comply with requirement as described above, or obtain a waiver.

Response: This has already been corrected by management and the non-Federal dollars spent for the year ended June 30, 2010 are within the appropriate percentage of the preceding fiscal year's expenditures.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

COMPLIANCE

Finding 09-01 Revenue Recognition

Current Year Status – Resolved.

Finding 09-02 In-Kind Contributions

Current Year Status – Resolved.

Finding 09-03 Commodity Income

Current Year Status – Resolved.

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR
FEDERAL AWARD PROGRAMS**

Finding 09-04 Title I Carryover

Current Year Status – Resolved.

SECTION III – MANAGEMENT LETTER

Not applicable.